

**THOMPSON & MITCHELL
ATTORNEYS AT LAW**

700 - 14TH STREET, N.W. - SUITE 900
WASHINGTON, D.C. 20005-2010
(202) 508-1000

FAX (202) 508-1010

HALPIN J. BURKE
(202) 508-1004

ONE MERCANTILE CENTER
ST. LOUIS, MISSOURI 63101
(314) 231-7676

525 WEST MAIN STREET
POST OFFICE BOX 750
BELLEVILLE, IL 62222-0750
(618) 277-4700

200 NORTH THIRD STREET
ST. CHARLES, MO 63301-2890
(314) 946-7717

0100339012

August 17, 1994

RECORDATION NO. 18937 FILED 1425

VIA HAND DELIVERY

AUG 17 1994 - 12:55 PM

Mr. Sidney L. Strickland Jr.
Secretary
Interstate Commerce Commission
Twelfth St. and Constitution Ave., N.W.
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I have enclosed three originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Railway Rolling Stock Chattel Mortgage, a primary document, dated August 16, 1994.

The names and addresses of the parties to the document are as follows:

Mortgagor: Alberta & Orient Glycol Company Limited
1210 Sheppard Avenue East
P.O. Box 38
Willowdale, Ontario
M2K 1A3

Lender: The Toronto-Dominion Bank
P.O. Box 1
Toronto-Dominion Center
66 Wellington Street West
Toronto, Ontario
M5K 1A2

A description of the equipment covered by the document is set forth in the schedule attached to this letter and made a part hereof.

A fee of \$18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Halpin J. Burke, Thompson & Mitchell, 700 14th Street,
N.W., Suite 900, Washington, D.C. 20005.

Countersigned - Halpin J. Burke


August 17, 1994
Page 2

A short summary of the document to appear in the index follows:

Railway Rolling Stock Chattel Mortgage, dated August 16, 1994, between the Mortgagor and the Lender covering 91 21,000 gallon coiled/insulated/lined railroad tank cars, identification numbers AOUX-5000 through AOUX-5090, inclusive, and one shuttlewagon, identification number SWX 45A.

Very truly yours,

THOMPSON & MITCHELL

By 
Halpin J. Burke

Enc.

SCHEDULE

Rail Tank Car Particulars

Number of Items	Description	Model/Identific- ation Numbers (both inclusive)	Time of Delivery
91	21,000 Gallon Coiled / Insulated / Lined Railroad Tank Cars	AOUX - 5000 through AOUX - 5090	February, 1994 to July, 1994
1	Shuttlewagon	SWX 45A	February 7, 1994

Interstate Commerce Commission
Washington, D.C. 20423

8/17/94

OFFICE OF THE SECRETARY

Halpin J. Burke
Thompson, & Mitchell
700 14th Street N.W. Suite 900
Washington, D.C. 20005

Dear sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on 8/17/94 at 12:55pm, and assigned
recording number(s). 18937

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

**RAILWAY ROLLING STOCK
CHattel MORTGAGE**

RECORDATION NO. **18937** FILED 1425
AUG 17 1994 - 12 55 PM
INTERSTATE COMMERCE COMMISSION

ALBERTA & ORIENT GLYCOL COMPANY LIMITED

incorporated under the laws of
the Province of Alberta

U.S.\$10,000,000

THIS RAILWAY ROLLING STOCK CHATTEL MORTGAGE (the "Mortgage") is made the 16th day of August, 1994 by **Alberta & Orient Glycol Company Limited** (the "Mortgagor"), in favour of **The Toronto-Dominion Bank**, as Security Agent for the benefit of the "Lenders" under the Loan Agreement hereinafter referred to (the "Security Agent"), *inter alia*, to better evidence the security interest in 91 rail tank cars and a rail tank car mover granted by the Borrower to the Lenders pursuant to the Loan Agreement.

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Mortgagor), the Mortgagor covenants and agrees as follows:

1. INTERPRETATION

1.01 Definitions

Unless otherwise defined, each word and phrase with initial capitals used in this Mortgage has the meaning assigned to it in Schedule A.

1.02 Statutes

A reference in this Mortgage to a statute refers to that statute as it may be amended, and to any restated or successor legislation of comparable effect.

1.03 Headings

The division of this Mortgage into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Mortgage. The Article and Section headings in this Mortgage are not intended to be full or accurate

descriptions of the text to which they refer and shall not be considered part of this Mortgage.

1.04 Number and Gender

In this Mortgage, words (including defined terms) in the singular include the plural and vice-versa and words in one gender include all genders.

2. PROMISE TO PAY

The Mortgagor hereby acknowledges itself indebted and promises to pay to the order of the Security Agent, **ON DEMAND**, the principal sum of U.S.\$10,000,000 at the office of the Security Agent at The Toronto-Dominion Centre in the City of Toronto, Ontario, or at such other place in the City of Toronto, Ontario as the Security Agent may designate from time to time by notice to the Mortgagor, and shall pay interest thereon from the date hereof until full and final payment and discharge hereof at the rate of the lesser of twenty-five per cent (25%) per annum or to the maximum rate permitted by applicable law, as well after as before maturity, default and judgment in like money at the same place and to pay interest on overdue and unpaid interest at the same rate and to the same extent as aforesaid. Interest accruing due hereunder shall be calculated in accordance with the "nominal rate" method of interest calculation on the basis of a 365 or 366 day year (as the case may be) and shall be calculated and payable in arrears at the office of the Security Agent on the last Business Day of each calendar month on which the office of the Security Agent is open for the transaction of commercial business. Any amount of interest not paid when due (including overdue and unpaid interest) shall bear interest at the rate aforesaid, calculated and compounded on the last Business Day of each calendar month, and shall be paid without the necessity for any demand being made, but if demand is made, on demand. The theory of deemed reinvestment shall not apply to the calculation of interest hereunder.

3. SECURITY

3.01 Mortgage

As general and continuing security and without impairment of any other existing or future security, for the due payment and performance of the Obligations, the Mortgagor hereby:

- (a) grants, bargains, sells and assigns, to and in favour of the Security Agent, the Rail Tank Cars and the Warranties pertaining to the Rail Tank Cars; and

- (c) on Default the Security Agent shall be entitled to quiet possession of the Mortgaged Property, free from all Liens; and
- (d) the Mortgagor will execute such further assurances of the Mortgages as may be required by the Security Agent, acting reasonably.

4.02 Reliance and Survival

All representations and warranties of the Mortgagor made herein for the benefit of the Security Agent shall survive the issuance of this Mortgage and shall continue in full force and effect without time limit. The Security Agent shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Security Agent at any time.

5. COVENANTS OF THE MORTGAGOR

5.01 Liens

Except for Permitted Liens, the Mortgagor shall keep the Mortgaged Property free at all times from Liens and shall defend title to the Mortgaged Property against all Persons.

5.02 Further Assurances

The Mortgagor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, Agreements and assurances as the Security Agent may reasonably require in order to give effect to the provisions of this Mortgage and for the better granting, bargaining, selling, assigning, setting over, assuring, confirming or perfecting the Mortgages and the priority accorded to them by law or under this Mortgage. To better protect or enforce the rights and remedies of the Security Agent pursuant to this Mortgage, the Mortgagor hereby irrevocably constitutes and appoints each officer of the Security Agent the true and lawful attorney of the Mortgagor with full power of substitution to do, make, execute, acknowledge and deliver or cause to be done, made acknowledged and delivered all such acts, deeds, transfers, assignments, Agreements and assurances, with the right to use the name of the Mortgagor, whenever and wherever the attorney deems necessary or expedient, including all acts, matters and things that may be necessary for the recovery of all sums of money that may become or are now due or owing to the Mortgagor in respect of the Mortgaged Property, and for the enforcement of all contracts, covenants or conditions binding on any Person in respect of the Mortgaged Property, and for the taking and maintaining possession of the Mortgaged Property, and for protecting them from waste, damage, or

interference. The irrevocable power of attorney in this Section 5.02 shall immediately take effect upon the occurrence of a Default.

5.03 Notice

The Mortgagor shall notify the Security Agent:

- (a) forthwith of any significant loss of or damage to the Mortgaged Property which materially and adversely affects the Mortgagor or the Mortgaged Property; and
- (b) at least 20 Business Days prior to any change of name of the Mortgagor or any transfer of the Mortgagor's interest in any Mortgaged Property not expressly permitted hereunder.

5.04 Costs

The Mortgagor shall forthwith reimburse the Security Agent on demand for all interest, commissions, costs of realization and other costs and expenses (including legal fees and expenses on a full indemnity basis) incurred by the Security Agent or any Receiver in connection with the preparation, execution, delivery, perfection, protection, enforcement of and advice with respect to this Mortgage, including those arising in connection with the realization, disposition of, retention, protection or collection of any Mortgaged Property and the protection or enforcement of the rights, remedies and powers of the Security Agent or any Receiver and those incurred for registration of this Mortgage or any interest relating thereto and any financing statement or any type of notice or interest registered in connection with the Mortgages.

5.05 Reimbursements as Obligations

All amounts for which the Mortgagor is required hereunder to reimburse the Security Agent or any Receiver shall, from the date of disbursement until the date the Security Agent or such Receiver receive reimbursement, be deemed advanced to the Mortgagor by the Security Agent, shall be deemed to be Obligations and shall bear interest at the rate applicable to principal payable hereunder.

5.06 Registration

The Mortgagor shall forthwith register, file and record this Mortgage, and all amendments or supplements thereto, or notice thereof, at all proper offices in Canada and the United States of America, where, in the opinion of counsel to the Security Agent, such registration, filing or recording may be necessary or advantageous to secure, perfect or protect the Mortgages

including the priority thereof and shall hereafter maintain all such registrations in full force and effect to maintain and protect the Mortgages.

5.07 Indemnity

The Mortgagor will indemnify the Security Agent and save it fully harmless of and from all loss, costs, damage, expense, claims and liability which it may suffer or incur in connection with the exercise by the Security Agent of its rights, remedies and powers hereunder.

5.08 Supplier Information

The Mortgagor shall supply to the Security Agent on request copies of the invoices of the Suppliers of the Mortgaged Property and such other information concerning the purchase of the Rail Tank Cars as the Security Agent may reasonably require.

5.09 Maintenance, Use and Operation

The Mortgagor shall have the full use of the Rail Tank Cars and shall maintain the Rail Tank Cars in good operating condition, repair and appearance, ordinary wear and tear only excepted, and shall comply with all recommendations or requirements of Suppliers regarding the Rail Tank Cars so as to preserve all Warranties.

5.10 Labels

The Mortgagor shall affix and keep affixed to the Rail Tank Cars any identification labels supplied by the Security Agent.

6. DEFAULT

6.01 Default

If the Mortgagor fails to make any payment of any of the Obligations upon demand by the Security Agent (a "Default") the Mortgages shall become immediately enforceable and the Security Agent may declare the Obligations immediately due and payable in full.

6.02 Waiver

The Security Agent may waive any Default or any breach by the Mortgagor of any of the provisions of this Mortgage. No waiver, however, shall be deemed to extend to a subsequent breach or Default, whether or not the same as or similar to the breach or Default waived, and no act or omission by the Security Agent shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Default or the rights of the Security Agent

arising therefrom. Any such waiver must be in writing and signed by the Security Agent to be effective. No failure on the part of the Security Agent to exercise, and no delay by the Security Agent in exercising, any right under this Mortgage shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

7. REMEDIES ON DEFAULT

If the Mortgages become enforceable, the Security Agent shall have, in addition to any other rights, remedies and powers which the Security Agent may have at law, in equity or by statute, including the right of foreclosure, the following rights, remedies and powers:

7.01 Receiver

The Security Agent may appoint by instrument in writing one or more Receivers of any Mortgaged Property or any part thereof. Any such Receiver shall have, in addition to any other rights, remedies and powers which a Receiver may have at law, in equity or by statute, the rights and powers set out in Sections 7.02 through 7.05. In exercising such rights and powers, any Receiver shall act as and for all purposes shall be deemed to be the agent of the Mortgagor and the Security Agent shall not be responsible for any act or default of any Receiver, other than gross negligence or willful misconduct. The Security Agent may remove any Receiver and appoint another from time to time. An officer or employee of the Security Agent may be appointed as a Receiver. No Receiver appointed by the Security Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a Court.

7.02 Power of Entry

The Mortgagor shall forthwith upon demand deliver to a Receiver possession of any Mortgaged Property or any part thereof. Any Receiver may at any time enter upon any premises where any Mortgaged Property is located to take possession of, disable or remove any Mortgaged Property, and use whatever means the Receiver considers advisable to do so.

7.03 Power of Sale

Any Receiver may sell, lease, consign or otherwise dispose of any Mortgaged Property by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Mortgagor. Any Receiver may, at its discretion, establish the terms of such disposition, including, without limitation, terms and conditions as to credit, upset, reserve bid or

price. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Mortgaged Property and may dispose of any Mortgaged Property or any part thereof without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Mortgaged Property.

7.04 Pay Liens

Any Receiver may pay any liability secured by any actual or threatened Lien against any Mortgaged Property. Any Receiver may borrow money for the maintenance, preservation or protection of any Mortgaged Property and may grant Liens in any Mortgaged Property in priority to the Mortgages as security for the money so borrowed. The Mortgagor will forthwith on demand reimburse the Receiver for all such payments and borrowings.

7.05 Dealing with Mortgaged Property

Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Mortgaged Property in such manner, upon such terms and conditions and at such time as it deems advisable without notice to the Mortgagor (except as otherwise required by any applicable law), and may charge on its own behalf and pay to others its costs and expenses (including legal, Receivers' and accounting fees and expenses on a full indemnity basis) incurred in connection with such actions. The Mortgagor will forthwith upon demand reimburse the Receiver for all such costs or expenses.

7.06 Right to Have Court Appoint a Receiver

The Security Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Security Agent pursuant to this Mortgage.

7.07 Security Agent May Exercise Rights of a Receiver

In lieu of, or in addition to, exercising its rights, remedies and powers under Sections 7.01, 7.06 and 7.08, the Security Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Security Agent pursuant to this Mortgage.

7.08 Retention of Mortgaged Property

The Security Agent may elect to retain any Mortgaged Property in satisfaction of the Obligations. The Security Agent may designate any part of the Obligations to be satisfied by the retention of particular Mortgaged Property which the Security Agent considers to have a net realizable value approximating the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the retention of the particular Collateral.

7.09 Limitation of Liability

The Security Agent shall not be liable or accountable for any failure to seize, collect, realize, dispose of, enforce or otherwise deal with any Mortgaged Property and shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights, remedies or powers of the Security Agent, the Mortgagor or any other Person in respect of any Mortgaged Property. The Security Agent shall not be liable or responsible for any loss or damage whatever which may accrue in consequence of any such failure resulting from any negligence, other than for gross negligence or willful misconduct, of the Security Agent or its officers, employees or agents, or any Receiver, or otherwise. If any Receiver or the Security Agent takes possession of any Mortgaged Property or any part thereof, neither the Security Agent nor any Receiver shall have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

7.10 Extensions of Time

The Security Agent may grant renewals, extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release the Mortgaged Property or any part thereof to third parties and otherwise deal or fail to deal with the Mortgagor, debtors of the Mortgagor, guarantors, sureties and others and with any Mortgaged Property or any part thereof and other securities as the Security Agent may see fit, all without prejudice to the liability of the Mortgagor to the Security Agent's rights, remedies and powers under this Mortgage.

7.11 Application of Payments against Obligations

Any payments received in respect of the Obligations from time to time, any insurance monies received and any moneys realized on any Mortgaged Property or any part thereof may be appropriated to such parts of the Obligations and in such order as the Security Agent sees fit, and the Security Agent shall have the right to change any appropriation at any time. Any such insurance moneys may, at the option of the Security Agent, be used

to repair or replace any Mortgaged Property or any part thereof, be held as part of the Mortgaged Property or be appropriated to the Obligations.

7.12 Set-Off, Combination of Accounts and Crossclaims

The Obligations will be paid by the Mortgagor without regard to any equities between the Mortgagor and the Security Agent or any right of set-off, combination of accounts or cross-claim. Any indebtedness owing by the Security Agent to the Mortgagor, direct or indirect, extended or renewed, actual or contingent, matured or not, may be set off or applied against, or combined with, the Obligations by the Security Agent at any time, either before or after maturity, without demand upon or notice to anyone.

7.13 Deficiency

If the proceeds of the realization of any Mortgaged Property are insufficient to repay the Obligations, the Mortgagor shall forthwith pay or cause to be paid to the Security Agent such deficiency.

7.14 Validity of Sale

No Person dealing with the Security Agent or any Receiver or with any officer, employee, agent or solicitor of any of the Security Agent or any Receiver shall be concerned to inquire whether the Mortgages have become enforceable, whether any right, remedy or power of the Security Agent or any Receiver has become exercisable, whether any Obligations remain outstanding or otherwise as to the propriety or regularity of any dealing by the Security Agent or any Receiver with any Mortgaged Property or any part thereof or to see to the application of any money paid to the Security Agent or any Receiver, and in the absence of fraud on the part of such Person such dealings shall be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.

7.15 Effect of Appointment of Receiver

As soon as the Security Agent takes possession of any Mortgaged Property or any part thereof or appoints a Receiver, all powers, functions, rights and privileges of each of the directors and officers of the Mortgagor with respect to the Mortgaged Property shall cease, unless specifically continued by the written consent of the Security Agent or the Receiver.

7.16 Time for Payment

If the Security Agent demands payment of the principal of and/or interest on this Mortgage, it shall be reasonable for the Security Agent

to exercise its remedies immediately if such payment is not made, and to the extent permitted by applicable law, any days grace or any time for payment which might otherwise be required to be afforded to the Mortgagor by applicable law is hereby irrevocably waived.

7.17 Rights in Addition

The rights, remedies and powers conferred by this Article 7 are in addition to, and not in substitution for, any other rights, remedies or powers the Security Agent may have under this Mortgage at law, in equity or by or under any statute or Agreement. The Security Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Security Agent or the Lenders shall be exclusive of or dependent on any other. Any right, remedy or power may be exercised separately or in combination and at any time.

8. GENERAL

8.01 Security in Addition

The Mortgages do not replace or otherwise affect any existing or future Lien held by the Security Agent. Neither the taking of any action, suit or proceedings, judicial or extra-judicial, nor the refraining from so doing, nor any dealing with any other security for any Obligations shall release or affect the Mortgages. Neither the taking of any action, suit or proceedings, judicial or extra-judicial, pursuant to this Mortgage, nor the refraining from so doing, nor any dealing with any Mortgaged Property or any part thereof shall release or affect any of the Security Agent's other security for the payment or performance of any Obligation.

8.02 No Merger

Neither the taking of any judgment nor the exercise of any power of seizure or disposition shall extinguish the liability of the Mortgagor to pay and perform the Obligations nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Mortgagor herein shall merge in any judgment.

8.03 Notices

Any notice, consent, determination or other communication required or permitted to be given or made hereunder shall be in writing and shall be well and sufficiently given or made if:

- (a) delivered in person during normal business hours on a Business Day and left with an officer of the addressee at the relevant address set forth below; or
- (b) telexed, telegraphed, telecopied or sent by other means of recorded electronic communication;

if to the Mortgagor addressed to it at:

Alberta & Orient Glycol Company Limited
c/o Union Carbide Chemicals and Plastics Canada Inc.
1210 Sheppard Avenue East
P.O. Box 38
Willowdale, Ontario
M2K 1A3

Rapid Fax: (416) 490-8740
Attention: President

with a copy to:

Union Carbide Chemicals and Plastics Company Inc.
39 Old Ridgebury Road
Danbury, Connecticut
06817-0001

Rapid Fax: (203) 794-7370
Attention: Manager, Corporate Finance

if to the Security Agent addressed to it at:

The Toronto-Dominion Bank
Loan Syndications
Corporate & Investment Banking Group
Head Office
P.O. Box 1
Toronto-Dominion Centre
66 Wellington Street West
Toronto, Ontario
M5K 1A2

Rapid Fax: (416) 982-6614
Attention: Vice President

Any notice or other communication so given or made shall be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of telegraphing, telexing, telecopying or sending of the same by other recorded means of electronic communication, provided such day is a Business Day and, if not, on the first Business Day thereafter. Any party hereto may from time to time change its address for notice by notice to the other parties hereto given in the manner aforesaid.

8.04 Time of the Essence

Time is of the essence of each provision of this Mortgage.

8.05 Governing Law

This Mortgage shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Alberta. The Mortgagor irrevocably attorns to and submits to the non-exclusive jurisdiction of the courts of Alberta with respect to any matter arising hereunder or related hereto.

8.06 Mortgages Effective Immediately

Neither the issuance nor registration of, or any filings with respect to, this Mortgage shall bind the Security Agent to advance any amounts or otherwise extend credit to the Mortgagor, but the Mortgages shall take effect forthwith upon the issuance of this Mortgage by the Mortgagor.

8.07 Entire Agreement

There are no covenants, representations, warranties, conditions, other Agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this Mortgage or any Mortgaged Property, other than as expressed herein in writing and in the Loan Agreement.

8.08 Invalidity

If any provision of this Mortgage is found to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies, that provision shall be deemed to be severed herefrom and the remaining provisions of this Mortgage shall not be affected thereby but shall remain valid and enforceable.

8.09 Statutory Waivers

To the fullest extent permitted by law, the Mortgagor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

8.10 Currency

All sums of money payable under this Mortgage shall be paid in U.S. Dollars.

8.11 Judgment Currency

If, for the purposes of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into the currency of the country giving such judgment (the "Judgment Currency") an amount due hereunder in different currency (the "Agreed Currency"), then the date on which the rate of exchange for conversion is selected by that court is referred to herein as the "Conversion Date." If there is a change in the rate of exchange between the Judgment Currency and the Agreed Currency between the Conversion Date and the actual receipt by the Security Agent of the amount due hereunder or under such judgment, the Mortgagor will, notwithstanding such judgment, pay to the Security Agent all such additional amounts as may be necessary to ensure that the amount received by the Security Agent in the Judgment Currency, when converted at the rate of exchange prevailing on the date of receipt, will produce the amount due in the Agreed Currency. The Mortgagor's liability hereunder constitutes a separate and independent liability which shall not merge with any judgment or any partial payment or enforcement of payment of sums due under this Mortgage. The term "rate of exchange", as used in this Section 8.11, includes any premiums or costs payable in connection with the currency conversion then being effected.

8.12 Binding Effect

This Mortgage shall enure to the benefit of the Security Agent, the "Lenders" under the Loan Agreement and any Receiver and their respective successors and assigns and shall bind the Mortgagor and its successors.

8.13 Mortgage Lost or Stolen

If this Mortgage is mutilated, lost, stolen or destroyed, the Mortgagor shall, upon being furnished with evidence satisfactory to it of such mutilation, loss, theft or destruction, issue and deliver a new Mortgage of like date and tenor as the one mutilated, lost, stolen or destroyed, in exchange for, in place of and upon cancellation of the mutilated Mortgage, or in lieu of or in substitution for the lost, stolen or destroyed Mortgage.

8.14 Amendment

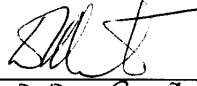
No Agreement purporting to amend, supplement or otherwise vary this Mortgage shall be binding upon any of the Mortgagor or the Security Agent unless that Agreement is in writing and signed by the Mortgagor and the Security Agent.

8.15 Receipt of Copy

The Mortgagor acknowledges receipt of an executed copy of this Mortgage. The Mortgagor waives its right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure by the Security Agent to deliver to the Mortgagor a copy of any financing or other statement issued by any registry that confirms registration of this Mortgage or of a financing or other statement relating to this Mortgage.

TO WITNESS THIS AGREEMENT, the Mortgagor has caused this Mortgage to be duly signed and sealed.

**ALBERTA & ORIENT GLYCOL
COMPANY LIMITED**


Per:  c/s
Name: *D.F.S. Coote*
Title: *Secretary*

ACKNOWLEDGEMENT PURSUANT TO 49 C.F.R. PART 1177

CORPORATE FORM OF ACKNOWLEDGEMENT

I, Douglas F.S. Coate, that I am Secretary of Alberta & Orient Glycol Company Limited, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED this 16th day of August, 1994.



Douglas F.S. Coate
Secretary

SCHEDULE A

Definitions

"Agreement" means any agreement, oral or written, any simple contract or specialty, and any indenture, instrument or undertaking.

"Business Day" means any day except Saturday, Sunday or any statutory or civic holiday in Calgary, Alberta.

"Crown" means her Majesty the Queen in right of the Province of Alberta or British Columbia or in right of Canada.

"Default" means any of the events set out in Section 6.01 of the Mortgage.

"including" means including without limitation and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and "include" and "includes" shall be construed in like manner.

"Lien" means any encumbrance of any kind whatever, choate or inchoate, and includes a security interest, mortgage, lien, hypothec, pledge, hypothecation, Mortgage, section 426 or 427 *Bank Act* of Canada security, security deposited under the *Railway Act of Canada* or the *Interstate Commerce Act*, trust or deemed trust, whether contractual, statutory or otherwise arising.

"Loan Agreement" means that certain loan agreement dated as of June 11, 1992, made between the Mortgagor, the financial institutions listed therein as Lenders, Canadian Imperial Bank of Commerce and The Toronto-Dominion Bank, as Agents and The Bank of Nova Scotia, as Co-Agent and Issuing Bank pursuant to which the Lenders have agreed to lend up to U.S.\$280,000,000 to the Mortgagor, as amended, supplemented, otherwise varied, restated or replaced from time to time.

"Mortgage" means this Mortgage and all schedules attached hereto. All uses of the words "hereto", "herein", "hereof", "hereby" and "hereunder", including similar expressions, refer to this Mortgage and not to any particular section or portion of it. References to "Article", "Section" or "Schedule" refer to the applicable article, section or schedule of this Mortgage.

"Mortgaged Property" means all of the Rail Tank Cars, Proceeds and Replacements and other property made subject to the fixed and specific security constituted by this Mortgage, and any item or part thereof.

"Mortgages" means any and all Liens granted by the Mortgagor to the Security Agent in this Mortgage.

"Obligations" means the present and future indebtedness, obligations and liabilities of any kind whatever of the Mortgagor to the Security Agent or any Receiver, whether direct or indirect, extended or renewed, absolute or contingent, matured or not, under this Mortgage.

"Permitted Lien" means any Lien granted by the Mortgagor in the Mortgaged Property that satisfies the criteria set out in Schedule B.

"Person" means an individual, corporation, body corporate, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other entity recognized by foreign or domestic law.

"Proceeds" means all fixtures, proceeds of sale or other disposition and other property in any form derived directly from any dealing with any item or part of the Mortgaged Property, or that indemnifies or compensates for such property sold, taken, stolen, lost, destroyed or damaged, and proceeds of proceeds whether or not of the same type, class or kind as the original proceeds, and any item or part thereof.

"Rail Tank Cars" means the personal property described in Schedule C, alterations, additions and accessions thereto, and any any item or part thereof.

"Receiver" means any receiver, manager or receiver and manager for the Mortgaged Property appointed by the Security Agent or by a court on application by the Security Agent.

"Replacements" means all increases, additions and accessions to, and all substitutions for and replacements of, any item or part of the Mortgaged Property, and any item or part thereof.

"Suppliers" means any manufacturer, supplier, vendor of or dealer in the Rail Tank Cars or any other Person from whom the Mortgagor acquires the Rail Tank Cars.

"U.S. Dollars" or **"U.S.\$"** means lawful money of the United States of America in same day immediately available freely transferable funds or, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due.

"Warranties" means all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar Agreements, express, implied or statutory, relating to the Rail Tank Cars.

SCHEDULE B

Permitted Liens

In this Mortgage, "Permitted Liens" means with respect to the Mortgaged Property any of the following Liens:

- (a) Liens for taxes not at the time due or delinquent or for which an assessment has not been received by the Mortgagor or the validity or amount of which is being contested in good faith (and for the payment of which adequate provision has been made) by appropriate proceedings so long as such proceedings do not involve any reasonable likelihood of the sale, forfeiture or other loss of the Mortgaged Property or any interest therein unless the Security Agent, acting reasonably, has been provided with security to ensure that such contestation will involve no forfeiture of any part of the Mortgaged Property;
- (b) the Lien of or in respect of any judgment rendered, writ of execution, distress or analogous process issued or claim filed against the Mortgagor which the Mortgagor shall be contesting in good faith, provided that the Security Agent, acting reasonably, is satisfied that security has been deposited, reserved or otherwise provided for as may be adequate to ensure that such contestation will involve no forfeiture of any part of the Mortgaged Property;
- (c) Liens created by worker's compensation, employment insurance and other social security legislation (including the Lien for vacation pay, employee source deductions, pension benefits and employee savings plans);
- (d) Liens the payment of which has been provided for by (i) insurance the proceeds of which are or will be available to cover such Lien, (ii) deposit with or on behalf of the Security Agent of an amount of cash or (iii) the obtaining of a letter of credit or a surety bond or other security satisfactory to the Security Agent, acting reasonably, sufficient in either case to pay or discharge the same; and
- (e) any other Lien in favour of, or consented to in writing, by the Security Agent.

SCHEDULE C

Rail Tank Car Particulars

Number of Items	Description	Model/Identific- ation Numbers (both inclusive)	Time of Delivery
91	21,000 Gallon Coiled / Insulated / Lined Railroad Tank Cars	AOUX - 5000 through AOUX - 5090	February, 1994 to July, 1994
1	Shuttlewagon	SWX 45A	February 7, 1994

- (b) grants, bargains, sells and assigns, to and in favour of the Security Agent, all Proceeds and Replacements arising in respect of any or all of the Rail Tank Cars.

3.02 Habendum

The Security Agent shall have and hold the Mortgaged Property in accordance with the terms hereof, until this Mortgage is surrendered for cancellation by the Security Agent.

3.03 Attachment

The Mortgagor acknowledges that value has been given, that the Mortgagor and the Security Agent have not agreed to postpone the time for attachment and the Mortgages are intended to attach, as to all of the Mortgaged Property in which the Mortgagor acquires an interest, forthwith when the Mortgagor executes this Mortgage, and, as to all Mortgaged Property in which the Mortgagor acquires an interest after the execution of this Mortgage, when the Mortgagor acquires such interest.

3.04 Permitted Dispositions

The Mortgagor shall not grant, bargain, sell, assign, consign, lease, destroy or otherwise dispose of, impair or abandon any Mortgaged Property except that the Mortgagor may sell or otherwise dispose of any Rail Tank Car or any Replacement that has become worn out, damaged or otherwise unsuitable for its purpose.

3.05 Proceeds Held in Trust

Following the occurrence and during continuance of a Default, the Mortgagor shall receive and hold all Proceeds in trust, separate and apart from other moneys, instruments or property, and shall forthwith endorse as necessary and pay over or deliver them to the Security Agent upon demand.

4. REPRESENTATIONS AND WARRANTIES

4.01 The Mortgagor covenants, agrees, represents and warrants to and in favour of the Security Agent as follows:

- (a) subject only to Permitted Liens, the Mortgagor has and will have good and marketable title to the Mortgaged Property free and clear of all Liens whatsoever;
- (b) the Mortgagor has the right to grant, bargain, sell and assign the Mortgaged Property hereunder;